

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 21, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2400 by Bohac (Relating to the sale of motor vehicles to manufacturers.), As
Introduced

Depending upon the number of vehicles that may be purchased and subject to the use tax, there would be an indeterminate revenue impact to the state.

The bill would amend Chapter 152 of the Tax Code, regarding taxes on motor vehicles.

The bill would amend Section 152.001 to exclude the sale of a new motor vehicle to a person who manufactures, distributes, or assembles new motor vehicles, and who acquires the vehicle for the purposes allowed under Section 503.064 of the Transportation Code, from the definition of a "retail sale." The bill would amend Section 152.027 to impose the use tax of \$25 on a person issued a metal manufacturer's plate under Chapter 503 of the Transportation Code.

The bill would impose a use tax of \$25, instead of the normal sales tax at the rate of 6.25 percent of the taxable value, on vehicles purchased by a manufacturer for testing on public roads or highways. The number of vehicles that may be purchased and subject to the \$25 use tax cannot be determined.

The bill would take effect September 1, 2015.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD